

Definitions

Calendar Year: The year beginning January 1st and ending December 31st (Example: 01/01/06 - 12/31/06 = CY06).

Cause of Injury Code: The code that corresponds to the cause of injury or occupational disease. The International Association of Industrial Accident Boards and Commissions (IAIABC) codes for cause are divided into nine categories. A tenth category, "Miscellaneous Causes" was created to account for the records that did not have a cause code entered or All Other Claims, NOC (Not Otherwise Classified).

Burn or Scald – Heat or Cold Exposure: Includes chemical, hot or cold objects, temperature extremes, fire or flame, steam or hot fluids, dust, gases, fumes or vapors, welding, radiation, abnormal air pressure and electrical current.

Caught In, Under or Between: Includes caught in or between machinery, an object being handled and miscellaneous objects such as earth slides or collapsing materials either man made or natural.

Cut, Puncture Scrape or Injured By: Includes punctures, cuts, or scrapes as a result of broken glass, hand tools, utensils, power tools or appliances.

Fall, Slip or Trip: Includes falling from a different level or on the same level, ladder or scaffolding falls, slipping on liquid or grease spills, fall into opening such as shafts, excavations or floor openings, stairs or slips on ice and snow.

Miscellaneous Causes: Includes absorption, injection or inhalation, foreign matter in eye, robbery or criminal assault, not otherwise classified (NOC); includes all records where cause was not reported on the First Report of Injury or where the code could not be converted to IAIABC codes.

Motor Vehicle: Includes crash of water vehicle, rail vehicle, collision with another vehicle or fixed object, rollovers, rough riding and airplane crashes.

Rubbed or Abraded By: Includes repetitive motion such as callous, blister, etc.

Strain or Injury By: Includes continual noise, twisting, jumping, holding or carrying objects, lifting, pushing, pulling, reaching, and using tool or machinery, wielding or throwing and repetitive motion.

Striking Against or Stepping On: Includes moving machine parts, objects being lifted, sanding, scraping or cleaning operations, stationary objects and stepping on sharp objects.

Struck or Injured By – Includes Kicked, Stabbed, Bit, Etc: Includes falling or flying objects, hand tools or machines in use, co-workers, or patients, motor vehicles, moving machine parts and objects handled by others.

Compensation Benefits: Any payment made directly to the worker (or the worker's beneficiaries) other than a medical benefit. The term includes payments made pursuant to a reservation of rights or in settlement of a dispute over initial compensability of the claim. The term does not include expense reimbursements for items such as meals, travel or lodging.

DLI: The State of Montana's Department of Labor and Industry.

DOJ: The State of Montana's Department of Justice.

Employment Relations Division (ERD): The State of Montana's regulatory agency for workers' compensation. This division is part of the DLI.

Fiscal Year: The State of Montana's fiscal year begins July 1st and ends June 30th of the following year (Example: 07/01/05 - 06/30/06 = FY06).

First Report of Injury and Occupational Disease (FROI): The initial report designed to notify parties of the occurrence of an injury or occupational disease. The FROI contains basic claim information about the worker, accident, employer and insurer.

IC: Independent Contractor.

Indemnity Payments: Payments made by the insurer to the injured worker to compensate for the loss of wages resulting from an injury or occupational disease.

International Association of Industrial Accident Boards and Commissions: An organization of workers' compensation specialists including government officials and regulators, business and labor leaders, medical providers, law firms, insurance carriers, and rehabilitation and safety experts. Working groups work jointly to standardize reporting of workers' compensation data. Standards have been developed for communicating data electronically through Electronic Data Interchange (EDI).

LMAC: Labor-Management Advisory Council on Workers' Compensation.

Median: The middle value of a distribution; half the values are above the median and half are below the median. When a distribution consists of an even number of values, the median is calculated by taking the average of the two middle values.

Montana Code Annotated (MCA): The definitive guide to Montana laws, consisting of the Constitution, codes and statutes. The MCA is normally published each odd numbered year incorporating changes made by the Legislative session of that year.

MSHA: Mine Safety and Health Administration.

Nature of Injury Code: The code that corresponds to the nature of the injury or occupational disease. The IAIABC codes for nature are divided into eight categories. A ninth category "All Other Claims, NOC", was created to account for the records that did not have a nature code entered.

All Other Claims, NOC: Includes asphyxiation, loss of circulation, infection, concussion, heart problems, vision loss, hearing loss, poisoning, fainting, no physical or psychological injuries; includes all records where nature code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Amputation: Includes loss of a limb that involves bone, loss of part of an organ, enucleation or severance of a body part.

Bruise or Swelling: Includes contusions, broken blood vessels and inflammation.

Burn or Exposure: Includes electrical shocks, chemical burns, temperature extremes, freezing, sunburns, heat stroke and lightning.

Cut or Abrasion: Includes slivers, lodged small objects, open wounds, scrapes and needle sticks.

Fracture: Includes any breaking of a bone.

Multiple Injuries: Involves more than one Nature of Injury Code

Occupational Disease: Includes repetitive motion, loss of hearing or sight, respiratory conditions, poisoning, mental disorders, radiation, heart disease, cancer, AIDS, carpal tunnel and any disease resulting from work related experiences.

Sprain or Rupture: Includes strains, dislocations, hernias, organ ruptures and trauma to joints or muscles.

Other Benefits Code: A code that identifies the type of other benefits paid to date or recovered for an injury or occupational disease. The following are IAIABC code definitions:

Consultant/Expert Witness Fees Paid to Date by Insurer: Sum of fees paid to expert witnesses (in a legal proceeding for expert testimony or opinion) for this claim.

Employer's Deductibles Recovery: Sum of monies recovered through insured reimbursement of deductible amounts for this claim.

Funeral Expenses Paid to Date: Sum of the funeral expenses for this claim.

Hospital Costs Paid to Date: Sum of costs of both inpatient and outpatient services which the injured employee received because of the work related injury.

Insurers Legal Expense Paid to Date: Sum of the employer's legal expenses paid for this claim.

Other Medical Paid to Date: Sum of medical costs not included in payments to physicians or hospital costs, i.e. laboratory tests, prescriptions.

Other Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation services not otherwise reported for this claim.

Overpayment Recovery: Sum of monies recovered due to overpayment of indemnity, medical or expenses for a claim.

Subrogation Recovery: Sum of monies recovered through subrogation for this claim.

Total Payments to Physicians: Sum of services paid to physicians for this claim.

Unspecified Recovery: Sum of monies recovered through salvage, apportionment/contribution, and all others not otherwise defined for a claim.

Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation education payments (including tuition, books, tools, transportation and additional living expenses) for this claim.

Vocational Rehabilitation Evaluation Expense Paid to Date: Sum of vocational rehabilitation evaluation services (testing and evaluating the claimant's ability, aptitude, or attitude in determining suitability for vocational rehabilitation or placement) for this claim.

Part of Body Code: The code which corresponds to the part of body to which the employee sustained injury or occupational disease. The IAIABC code definitions for part of body are divided into six categories. The additional categories of "Wrist", "Back" and "Knee" are reported to provide greater detail. A tenth category, "All Other Claims, NOC", was created to account for the records that did not have a part of body code entered.

All Other Claims, NOC: Includes all records where the part of body code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Back: Includes the upper and lower back, disc, or lumbar and sacral vertebrae.

Head: Includes multiple head injuries, skull, brain, ears, eyes, nose, teeth, mouth, soft tissue or facial bones.

Knee: Includes the patella (kneecap) and supporting ligaments.

Lower Extremities: Includes multiple lower extremities, hip, upper leg, knee, lower leg, ankle, foot and toe.

Multiple Parts: Includes artificial appliances, multiple body parts or body systems.

Neck: Includes multiple neck injuries, vertebrae, disc, spinal cord, larynx, soft tissue or trachea.

Trunk: Includes multiple trunk injuries, upper and lower back, disc, chest, sacrum and coccyx, pelvis, spinal cord, internal organs, heart, lungs, abdomen and buttocks.

Upper Extremities: Includes multiple upper extremities, upper arm, elbow, lower arm, wrist, hand, fingers, thumb and shoulders.

Wrist: Includes hand and wrist or just wrist injuries.

Occupational Disease: Harm or damage caused by work-related events that occur on more than a single day or work shift. It includes acute chronic illnesses or diseases caused by inhalation, absorption, ingestion or overuse syndrome.

Occupational Injury: A cut, fracture, sprain, amputation, or other physical harm, which results from a work accident on a single day or during a single work shift.

OSHA: Occupational Safety and Health Administration.

Permanent Partial Disability (PPD): Permanent impairment resulting from an injury, after achieving maximum medical improvement that impairs the worker's ability to work and causes an actual wage loss. PPD benefits are calculated using 66⅔% of the wages received at the time of injury, not to exceed half the state's average weekly wage at the time of injury. Maximum length for PPD benefits is determined by the date of injury.

Permanent Total Disability (PTD): A physical condition resulting from an injury or occupational disease, after achieving maximum medical improvement, in which the worker has no reasonable prospect of physically performing regular employment. PTD benefits are calculated using 66⅔% of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury. The injured worker may receive cost of living increases.

Plan Type: The type of workers' compensation insurance coverage chosen by an employer. There are three different types of insurance plans:

Plan 1: Self-insurance provided by employers who have sufficient financial strength to cover potential workers' compensation claims. If an injury occurs, a self-insured employer will pay the expenses and benefits.

Plan 2: Insurance coverage provided by a private insurance company.

Plan 3: Insurance coverage provided by the Montana State Compensation Insurance Fund (Montana State Fund).

Professional Employer Organizations (PEO): Professional Employer Organizations provide human resource services for small to medium size businesses. Examples of services provided by PEOs are staffing, securing unemployment and workers' compensation insurance, and handling payroll taxes and medical benefits. PEOs must be licensed by the ERD prior to contracting with any client companies.

RRVS: The Resource-Based Relative Value Scale.

SIF: Subsequent Injury Fund.

Standard Industrial Classification (SIC) Codes: Codes used to categorize employers by industry and are published by the Federal Office of Management and Budget in the 1987 Standard Industrial Classification Manual. SIC codes are grouped into ten different industrial divisions, as listed below with examples of each division.

Agriculture, Forestry & Fishing (AFF): Includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting, trapping and related services.

Construction: Includes establishments performing new work, additions, alterations, reconstruction, installations, and repairs. Three broad types of construction activity are covered: building construction by general contractors, heavy construction other than building by general contractors, and construction activity by other special trade contractors.

Finance, Insurance and Real Estate (FIRE): Finance includes depository institutions, non-depository credit institutions, holding companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate. Establishments primarily engaged in the construction of buildings for sale are classified in construction.

Manufacturing: Includes establishments engaged in the mechanical and chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power driven machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins or liquors.

Mining: Includes all establishments engaged in the extraction of minerals occurring naturally, and also includes quarrying, well operations, milling, and other preparation customarily done at the mine site, or as a part of mining activity. Exploration and development of mineral properties are included.

Public Administration: Includes the executive, legislative, judicial, administrative and regulatory activities of federal, state and local governments.

Retail Trade: Includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods.

Services: Includes establishments primarily engaged in providing a wide variety of services for individuals, business or government establishments, and other organizations such as, hotels and other lodging places; establishments providing personal, business, repair, and amusement services; health, legal, engineering, and other professional services; educational institutions; and membership organizations.

Transportation, Communication, and Public Utilities (TCPU): Includes establishments providing to the general public, or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water, or sanitary services and all establishments of the United States Postal Service.

Wholesale Trade: Includes establishments or places of business primarily engaged in selling merchandise to retailers, to industrial, commercial, institutional, farm, construction contractors, or professional business users, or to other wholesale; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Subsequent Report (SROI): A report that gives indemnity and medical payment information on an injured worker's claim. The report includes the date benefit payments begin and amounts paid by benefit type.

Temporary Partial Disability (TPD): A physical condition resulting from an injury, prior to achieving maximum medical improvement that causes a partial loss of wages. TPD benefits are the difference between the injured worker's actual weekly wage and the actual weekly wage earned during the injured worker's temporary partial disability. TPD benefits are limited to a

total of 26 weeks, but the insurer may extend the period. They are subject to a maximum of 40 hours per week and capped at the injured worker's Temporary Total Disability rate.

Temporary Total Disability (TTD): A physical condition resulting from an injury or occupational disease, prior to achieving maximum medical improvement that causes a total loss of wages. TTD benefits are calculated using $66\frac{2}{3}\%$ of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury.

UEF: Uninsured Employers' Fund.

Vocational Rehabilitation Benefits: Benefits paid to the injured worker at the worker's TTD rate. The benefits are paid for the period specified in the job placement or retraining plan, not to exceed 104 weeks. The plan is prepared by the rehabilitation provider and agreed to by the insurer and injured worker.

Workers' Compensation Automation Project (WCAP): The workers' compensation database maintained by the Employee Relations Division.

WCC: Workers' Compensation Court.

WCRI: Workers Compensation Research Institute.

Methodology

Industry Divisions

Information is grouped by industry division whenever possible to allow for comparison using SIC codes. It is not mandatory to report SIC codes and if they are not provided, the injury will be reported under “NOC-Not Otherwise Classified” on the tables.

Injury and Occupational Disease Data

The First Report of Injury and Occupational Disease (FROI) is used to gather injury and occupational disease data. FROIs consist of four sections that provide information on the worker, accident, employer and insurer. It is completed and submitted to the ERD by employees, employers or insurers. The injury or occupational disease may be reported under “NOC-Not Otherwise Classified”, due to lack of data or the inability to categorize the data.

The FROIs in this study include all injuries and occupational diseases reported to the ERD; however, all injuries and occupational diseases that occurred in Montana may not have been reported.

Subsequent Report Data

The Subsequent Report (SROI) is completed for each individual indemnity claim and is submitted to ERD by adjusters or insurers on every six-month anniversary of the date of injury, until the claim is closed or additional compensation or medical payments are not anticipated. The form includes claimant identification information, status of the claim; type of benefits paid and cumulative benefit payment amounts.

The study includes data reported to ERD on injury and occupational disease indemnity claims. Subsequent Reports may not have been submitted to ERD for all indemnity claims.

Benefit Report Methodology

The benefit information used to determine the amounts and dates of paid benefits is extracted from Subsequent Reports of Injury (SROIs). As defined above SROIs are reports that the DLI requires insurance companies to submit at six month intervals throughout the life of an indemnity claim. The reports provide updates as to the status of an indemnity claim, including information on the wage loss and medical benefits paid. The SROI contains the amount paid for each type of benefit and specifies the date through which the stated benefit amount was paid. For wage loss benefits this date is explicitly stated. Medical benefit information is required to be up-to-date when the SROI is submitted; therefore, the SROI submission date is used as the date through which medical benefit payment information is current.

The first step in computing the statistics was to identify the amount of benefits paid through each subsequent year following an injury. That amount was the paid benefit amount associated with the most recent paid through date (on any SROI) within the number of years from injury that the column represents. For each claim an amount was identified in this manner for each column, representing each year from the date of injury. Next, the yearly amounts from all of the individual claims were compiled and grouped by fiscal year of injury. Lastly, statistical software (SAS) was used to compute descriptive statistics for these sets of paid benefit amounts.

To illustrate our methodology, assume the following table lists all of the information for Temporary Total Disability benefits paid on a claim for an injury sustained on 1/1/2001.

SROI #	Benefit Type	Amount Paid	Paid Through Date	Year" Column
1	TTD	\$5,000	6/30/2001	Not Used in Table
2	TTD	\$10,000	12/31/2001	"First Year"
3	TTD	\$13,000	3/31/2002	"Second Year"

An injury that occurred on 1/1/2001 would use the benefit paid amount stated on the last SROI reported Paid Through Date on or before 1/1/2002 as the amount reported in the "First Year" column. In the example illustrated above, both SROI #1 and SROI #2 report an Amount Paid within one year of the date of injury. As the Paid Through Date on SROI #2 (12/31/2001) is later than the Paid Through Date on SROI #1 (6/30/2001), the Amount Paid used in the table as the "First Year" amount would be the Amount Paid listed on SROI #2 (\$10,000). This amount is the most up-to-date paid benefit amount specifically reported within one year of the injury. The amount reported in the "Second Year" column is the benefit paid amount associated with the last SROI reported Paid Through Date on or before 1/1/2003. The most recent Paid Through Date within two years of date of injury in the example is 3/31/2002. The benefit amount reported in the "Second Year" column will then be \$13,000. As demonstrated in the example, the amount paid increased (representing continued payment) from the first to the second year. The larger amount was associated with a Paid Through Date between one and two years from the date of injury. This increase in paid benefits because of continued payment from the first to second year from the date of injury is what is meant by cumulative totals. Consequently, the right-most populated column of each row contains the most current figures. If no payments were made beyond 3/31/2002, then all remaining columns will report the amount paid in the second year (\$13,000) as it is still the accumulated amount through the remaining years (each subsequent year accumulated \$0).

A claimant who received the first benefit payment more than a year after the injury date wouldn't appear in the table until after the first year column. Consequently, the total number of claims could accumulate in successive years. An injured worker could receive payment for multiple types of benefits that are measured by a single table; for example, receiving benefits for two or more of the types of benefits reported in the "Total Wage Replacement" table. In this situation the assignment of paid benefit amounts to a "Year" was first done individually for each benefit type, and then these individually benefit amounts were combined into a single paid benefit amount. For these claims only the combined amount was used in the table so that each claim was counted only once in each "Year".

The ERD made one significant methodological change from previous annual reports in compiling the tables for the 2006 report. As described above the assignment of paid benefits to a "Year" was done specific to the duration of time between the date of injury and the date through which a benefit was paid. In past annual reports the assignment of paid benefits was done by the fiscal year in which the benefit Paid Through Date occurred. The department chose to make this change so users of the report would have statistics on the amounts paid within the specified number of years after the injury, instead of statistics on the amounts paid in the subsequent fiscal years following the fiscal year of the injury. Additionally, in the past year ERD, along with Montana adjusters, carriers and Trading Partners, worked ardently to improve both SROI reporting and the quality of data reported to the workers' compensation database.

Year-to-Year Comparisons

Whenever possible, the data is presented with a comparison between the last five fiscal years.

Data Sources

Department of Labor and Industry, Mediation Unit

The Mediation Unit of ERD provided mediation section data.

Department of Labor and Industry, Occupational Safety and Health Bureau

The Safety and Health Bureau of ERD provided safety section data.

Department of Labor and Industry, Workers' Compensation Regulation Bureau

The Workers' Compensation Regulation Bureau provided data for the following sections of the report: Plan 1 Gross Annual Payroll, Plan 2 and 3 premium dollars, PEOs, Total Benefits, SIF, UEF and IC Exemption Certificates.

Department of Labor and Industry, Workforce Services Division, Research & Analysis Bureau

The Research & Analysis Bureau provided the *Fatal Occupational Injuries – 2005* excerpt.

Department of Labor and Industry Hearings Bureau

The Hearings Bureau provided Contested Case Hearings data.

Quarterly Expenditure Reports

Quarterly Expenditure Reports are reported to the DLI by carriers. Totals are data entered into WCAP in three categories: compensation, medical, and miscellaneous.

Regulatory Costs and Industrial Accident Rehabilitation Trust Fund Expenses

These costs were obtained from the state's Accounting, Budgeting and Human Resource System (SABHRS).

Workers' Compensation Court

WCC data were provided by the court, which is administratively attached to the DLI.

Workers' Compensation Database (WCAP)

The database system was built at the request of the legislature to provide management information. Employers, insurers, claimants, attorneys, medical providers and other parties of the workers' compensation community in Montana provide data for the system. The ERD maintains the database.

Future Annual Reports

If you have suggestions or comments about this annual report, please share them with us. We are most interested in any comments or suggestions that will make this report more useful to Montanans in general and the workers' compensation system in particular. You may direct your comments to:

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Internet Site

This report and previous reports are available on the Internet at the following web site:
<http://erd.dli.mt.gov>.

Special Studies Available

- Workers' Compensation Study Project agendas, minutes, and presentations are available on the internet at the following site:
<http://erd.dli.mt.gov/wcstudyproject/wcstudyproject.asp>.
- Labor Management Advisory Council on Workers' Compensation agendas, minutes, and presentations are available on the internet at the following site:
<http://erd.dli.mt.gov/wcstudyproject/labormngmntadvisorycouncilonwc.asp>.
- Workers' Compensation in Montana: Administrative Inventory – WCRI. To purchase a copy visit WCRI's website: www.wcrinet.org.
- Attorney Fee Supplement to Settlement Attorney Fees¹

To request a copy of an Annual Report, special study or Attorney Fee Supplement, please contact:

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